

**MINUTES
REGULAR MEETING
RETIREMENT BOARD OF TRUSTEES
EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF BATON ROUGE
AND PARISH OF EAST BATON ROUGE
FEBRUARY 25, 2021**

The regular meeting of the Retirement Board of Trustees was held in the Metropolitan Council Chambers at 222 St. Louis Street, due to social distancing requirements, and was called to order at 10:00 a.m. by Board Chairman Ms. Marsha Hanlon. Members present: Mr. J. Daniels, Mr. Brian Bernard, and Mr. Mark LeBlanc. Absent: Mr. David West, Sgt. Neal Noel, and Chief Britt Hines. Staff present: Mr. Jeffrey Yates, Mr. Russell Smith, Mr. Mark Williams, and Mr. Kyle Drago. Others present: Ms. Denise Akers – legal counsel, Mr. Joseph Toups – Council Budget Office, and Ms. Tiffani Jukkola – Finance – Budgeting.

Mr. Drago formally called the roll. Ms. Hanlon noted that Sgt. Noel had been promoted to Deputy Chief.

The chairman began by introducing Item 1, Reading and Approval of Minutes, and noted that there were minutes being considered for approval from the regular meeting of January 28, 2021, and from the Investment Committee meeting of February 9, 2021, and called for a motion.

Motion by Mr. LeBlanc, seconded by Mr. Bernard to suspend the reading of, and approve the minutes of the regular meeting of January 28, 2021, and of the Investment Committee meeting of February 9, 2021 as presented.

No discussion and no objections.

Motion passed by those members present.

Under Item 2, Disability, there were no applications for disability retirement.

The next item on the agenda was Item 3, Benefits Report, and the chairman called on Mr. Yates to present the report. Mr. Yates noted that there was nothing unusual on the report, although he did clarify a Workers' Compensation purchase shown on the report. He stated that the report was in order as presented.

Motion by Mr. LeBlanc, seconded by Mr. Daniels to approve the Benefits Report as presented.

No discussion and no objections.

Motion passed by those members present.

The next item on the agenda was Item 4, DROP Notifications Report, and it was noted that this report was provided for informational purposes only, and no action was necessary.

The chairman then moved to Item 5, Consultants' Reports, and under Item 5A, Status on Pending Legal Matters, recognized Ms. Akers for her legal update report. She noted that each Board member had a summary of the securities litigations that were in various stages of litigation, and then reviewed the securities litigation overall process. She noted no change in the MacroGenics suit, with discovery continuing. In the GreenSky litigation the attorneys were prepping Mr. Yates for his deposition scheduled for March 23rd. Regarding the Impinj lawsuit, the next step is to file a motion seeking distribution of the settlement, which will probably be distributed later in the year. On the Energy Transfer case, the defendant has filed a motion to dismiss and the hearing is this upcoming Friday. The Merrit Medical suit also had a motion to dismiss, which the judge could rule on any day. Following the report, there were no questions from the Board members.

The next item was Item 6, Committee Reports, and under 6B, Investment Committee Reports, the chairman recognized Mr. LeBlanc for his report. Mr. LeBlanc stated that the committee met on February 9, 2021 by conference call with AndCo for the purpose of reviewing the investment performance for the fourth quarter and calendar year ended December 31, 2020. For CPERS, the quarterly performance was 10.88% which boosted the annual performance to 13.25%, both of which exceeded the Total Fund Policy Index. There were manager issues that were discussed regarding Segall Bryant & Hamill (emerging markets equity), and their poor performance over nearly a 3-year period. AndCo recommended placing them on a watchlist, and perhaps begin putting together information regarding other EM managers. He stated that overall it had been a very positive year for the investments even though the year had gotten off to a poor start because of the pandemic. Regarding the PGT investments, the results were also positive with the quarterly performance of 8.31% and the calendar year performance of 8.83%, although these numbers came in below the benchmarks. Mr. LeBlanc stated that he believed the Board had done everything possible to position the PGT investments to provide for liquidity and stability for the portfolio. He noted that it will require money from outside the PGT to meet the long-term needs for the future. Mr. Yates noted that a payment of \$1.9 million had just been received in the PGT cash account for investment, and that he would be conferring with AndCo for the best distribution of those funds over the PGT asset

allocation.

Returning to the CPERS Trust, Mr. LeBlanc noted that there had also been a discussion regarding the real estate core-plus allocation, and possibly contracting with Principal for an investment in the Principal Enhanced Property Fund, LP. He stated that he felt it was time to proceed with this investment, and he noted that Principal had a sound plan to invest in geographic areas that were growing, and in property types that were forecast for growth and had not been severely impacted by the pandemic. Mr. Bernard inquired about industrial investments, with Mr. LeBlanc responding that both industrial, healthcare facilities, and multi-family residential were areas Principal was focusing on going forward. Mr. Bernard asked whether the \$1.9 million received in the PGT Trust had been budgeted, with Mr. Yates responding that those funds were not budgeted in the annual budget process, although the plan sponsor had been making additional payments the last several years. Mr. Daniels stated that he concurred with Mr. LeBlanc's comments, and added some positive comments regarding the soundness of Principal's investment strategy.

Motion by Mr. LeBlanc, seconded by Mr. Daniels to proceed with an investment to the Principal Enhanced Property Fund, LP for a \$55 million allocation to core-plus real estate, contingent on successful contract negotiations.

Under discussion Mr. Bernard asked about the expected rate of return, with Mr. LeBlanc responding that the projected rate was about 10% over the long term.

There were no objections to the motion.

Motion passed by those members present.

Moving to Item 7, Staff Reports, the chairman noted that under Item 7C, there were invoices from the law offices of Akers & Wisbar, LLC, and called for a motion.

Motion by Mr. LeBlanc, seconded by Mr. Bernard to approve payment for the charges to the law firm of Akers & Wisbar, LLC as presented.

No discussion and no objections.

Motion passed by those members present.

Under Item 7D, there was an invoice from the law offices of Tarcza and Associates, LLC, and the chairman called for a motion.

Motion by Mr. LeBlanc, seconded by Mr. Daniels to approve payment for the charges to the law firm of Tarcza and Associates, LLC as presented.

No discussion and no objections.

Motion passed by those members present.

Under Item 7E, there was an invoice from Foster & Foster – Actuaries, and the chairman called for a motion.

Motion by Mr. LeBlanc, seconded by Mr. Daniels to approve payment for the charges to Foster & Foster Actuaries as presented.

No discussion and no objections.

Motion passed by those members present.

Under 7F, there were a number of investment manager/consultant invoices for the Board's review.

Under 7G, Cash Activity Report, Mr. Drago presented only the budget comparison report, which will be the case until May or June.

The chairman then moved to Item 8A, Discussion of Resignation of Retirement Board Medical Consultant, and Replacement Process, and recognized Mr. Yates for an update. Mr. Yates stated that Core Medical, with which the staff had been negotiating, had not been responsive enough, and the physician worked primarily out of town. Mr. Smith stated that he was working on another lead referred by someone at Louisiana Firefighters' Retirement System. Ms. Akers also stated she would pursue additional leads. She suggested authorizing the staff, together with legal counsel, to appoint a physician to act as Medical Consultant on an interim basis until a permanent replacement is under contract. In answer to a question from Mr. Bernard, it was noted that a firm fee schedule would be part of the negotiations.

Motion by Mr. LeBlanc, seconded by Mr. Bernard to authorize the staff and legal counsel to hire a physician on an interim basis to process disability applicants while the search process continues.

No discussion and no objections.

Motion passed by those members present.

Moving to Item 8B, Presentation of Letters from Legal Counsel and Actuary Regarding DROP Interest Rate Calculation, the chairman recognized Mr. Yates. He stated that with the proposed change in the DROP interest rate calculation from the actuary, the Board wished to have both the actuary and legal counsel opine in writing as to the appropriateness of the new calculation that went into effect January 1, 2021, and which yields the declared DROP interest rate.

Under New Business, the chairman introduced Item 9A, Discussion of Opinion Letter from Tax Counsel Tarcza and Associates, and recognized Mr. LeBlanc. Mr. LeBlanc stated that he had read through the letter, and that the language states that the current return-to-work practice possibly jeopardizes the qualified plan status of the System if there is not a sufficient separation from service period. Ms. Akers then suggested, based on a recommendation from Mr. Tarcza, that this issue be discussed in executive session because it may impact personnel issues, and because it involves receipt of a legal opinion from the Board's tax counsel that could lead to other issues. She noted that this justification for executive session was supported by an Attorney General's opinion.

Motion by Mr. LeBlanc, seconded by Mr. Daniels to go into executive session to discuss a legal opinion letter from the Board's tax counsel.

No discussion and no objections.

Motion passed by those members present (the executive session began at 10:23 a.m.).

Regular session resumed at 10:51 a.m.

Under Item 10, Administrative Matters, there were no items to address.

The chairman then continued with Item 11, Police Guarantee Trust Matters, and under Item 11A, PGT Benefits Report, recognized Mr. Yates who stated that the report contained several items which were in order as presented. He noted at least one member who would likely have a guaranteed payment from the PGT.

Motion by Mr. LeBlanc, seconded by Mr. Bernard to approve the PGT Benefits Report as presented.

No discussion and no objections.

Motion passed by those members present.

Under Item 11B, the chairman noted that the PGT DROP Notifications Report was provided for the Board's information, and that no action was required.

Under Item 11C, Consultants' Reports, there were no items to address.

There were a number of investment manager invoices under Item 11D.1 for the Board's review.

Under Item 11D.2 there were no invoices to address.

Under Item 11D.3, PGT Cash Activity Report, Mr. Drago presented the budget comparison report and noted that there was nothing unusual to point out this month.

Under Item 11E.1, there were no matters for consideration.

Under Items 11F Unfinished Business, and 11G, there were no matters to address.

Seeing no further items on the agenda, the chairman called for a motion to adjourn.

Motion by Mr. LeBlanc, seconded by Ms. Hanlon to adjourn at 10:56 a.m.

No discussion and no objections.

Motion passed by those members present.

MARSHA HANLON
CHAIRMAN, RETIREMENT BOARD OF TRUSTEES

JEFFREY R. YATES
RETIREMENT ADMINISTRATOR